



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.07

Required Report – FAS internal use only

Date: 12/17/2004

GAIN Report Number: TW4055

Taiwan

Trade Policy Monitoring

Special Safeguards for 2005

2004

Approved by:

Scott Sindelar

American Institute in Taiwan

Prepared by:

Rosemary Kao & Eric Trachtenberg

Report Highlights:

This report covers Taiwan's Special Safeguard (SSG) regime for 2005. Most Tariff Rate Quotas on agricultural products will end, exposing products that once entered under a TRQ to a SSG duty surcharge. Exports of U.S. chicken will be the most significant U.S. export affected by this change.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Taipei [TW1]
[TW]

Special Safeguards for 2005

Taiwan has recently finalized its Special Safeguard (SSG) trigger levels for 2005. According to local contacts, Taiwan will continue reporting the use of any volume triggers in 2005 to the WTO, in accordance with Article 5 of the Agreement on Agriculture and its WTO obligations. A comparison of Taiwan's SSG trigger volumes in 2004 and 2005 are listed in Table 1 below along with the 2004 trigger dates. Some price triggers were invoked in 2004, but no detailed information is available since the WTO does not require detailed reporting when this mechanism is used. SSG trigger prices in 2005 remain unchanged from the 2004 levels, which are listed in Table 2.

Table 1. 2004/2005 SSG Trigger Volumes and The 2004 Trigger Dates

Commodities	2004 SSG Trigger Volume (MT)	2004 Volume SSG Trigger Date(mm-dd-yyyy)	2004 Tariff Rate Quota (MT)	2005 SSG Trigger Volume (MT)
Rice & Products	50,636	04-19-2004	144,720	123,545
Peanuts & Products	1,597	05-03-2004	5,235	2,558
Oriental Pears	2,792	01-19-2004	9,800	5,913
Sugar	395,439	08-11-2004	205,000	426,395
Garlic	1,348	02-11-2004	3,520	1,648
Betal Nuts	317	-	8,824	949
Chicken Legs/Wings	16,482	04-13-2004	45,900	19,791
Other Chicken Meat	41,005	-		4,903
Fresh Milk	711	04-26-2004	21,298	1,556
Other Liquid Milk	706	03-26-2004		1,521
Poultry Offal	4,590	-	3,672.6	801
Red Meat Offal	34,375	-	27,500	15,177
Red Beans	4,965	-	2,500	3,997
Dried Forest Mushroom	71	03-22-2004	288	110
Shaddocks	25	-	4,300	25
Persimmons	235	-	1,440	307
Dried Day Lilies	6	-	101	31.5
Pork Belly	19,250	-	15,400	10,066

Source: Council of Agriculture for SSG levels
Directorate General of Customs, Ministry of Finance for trigger dates

Table 2. 2005 Taiwan SSG Trigger Prices

Products	Price Trigger (NT\$/kg)
Shelled Peanuts & Products	18.1
Peanuts in Shell	11.8
Peanut Oil	25.9
Oriental Pears	54.0
Sugar	8.45
Garlic Bulbs	9.7
Betel Nuts	50.0
Chicken Legs/Wings	30.0
Other Chicken Meat	42.0
Liquid Milk (NT\$/liter)	17.0
Red Beans	14.4
Dried Forest Mushroom	302.15
Shaddocks	10.4
Persimmons	23.4
Dried Day Lillies	13.7
Pork Belly	30.0
Paddy Rice	6.0
Brown Rice	7.0
Milled Rice	8.0
Processed Rice Products	9.0

Source: Council of Agriculture

Exchange rate: approximately NT\$32.5 = US\$ 1 in 2004

SSG and TRQ

The Tariff Rate Quota (TRQ) mechanism for most agricultural imports will be eliminated starting January 1, 2005. When the agricultural products were imported under TRQs, they were exempt from the additional tariff rates triggered by the SSG. When the TRQs end and trade is liberalized, those imports that once entered under a TRQ will be assessed a SSG duty surcharge. Exports of U.S. chicken will be the most significant U.S. export affected by this change.

Chicken SSG Trigger Levels

In its pre-WTO accession agreement with the EU, Taiwan agreed to make the base trigger volumes for chicken meat (legs/wings/other cuts), poultry offal, pork offal and pork belly equivalent to 125 percent of the annual Tariff Rate Quota (TRQ) levels. Thus, the 2004 SSG trigger volume for chicken meat is 57,487 mt, 125 percent of the 2004 TRQ level. The 2004 SSG trigger volume for chicken legs/wings, the item strongly in demand on Taiwan, was 125 percent of the average trade level during the three preceding years (2000, 2001 and 2002). The 2004 SSG trigger volume for other chicken meat, 41,005 mt, was just a dummy number to make total chicken meat SSG trigger volume equivalent to 125 percent of the TRQ level. The 2005 SSG trigger volumes for other chicken meat and poultry offal, which were calculated using actual average import levels for 2001, 2002 and 2003.